

SECRET

August 5, 1966

Mr. Charles A. Sullivan
Assistant to the Secretary
for National Security Affairs
Department of the Treasury
Washington, D.C. 20220

Dear Mr. Sullivan:

As requested in your letter of July 12, this Department has reviewed again the license application for shipment of certain 300 channel communications equipment to Hungary. Our request that Treasury issue the license for this case takes into account not only the statement in a technical report to which you refer but also the advice of senior officials in the Defense Department and the Central Intelligence Agency.

With this additional information and taking into consideration the reasons set forth in EDAC D-173 of May 2, I can confirm that it is this Department's view that a license should be issued for foreign policy reasons. From the technical standpoint, the equipment in question does not differ significantly from similar equipment which has been licensed for Romania and Bulgaria, and the same foreign policy interests are present. In the case of Romania, Secretary Rusk recommended approval of a case involving similar equipment from Belgium to Romania. His reasons in that case were set forth in a letter of January 21, 1965 to the Secretary of Defense (distributed under cover of EDAC D-166/4). Because of the similarity of the considerations involved in that case and the present case - considerations which have been strengthened in the intervening months by the President's continued emphasis on encouraging trade and other constructive contacts with Eastern Europe - I would hope that you might find it possible to approve the license application for shipment of 300 channel communications equipment to Hungary on the basis of this letter.

Sincerely,

Joseph A. Greenwald
Deputy Assistant Secretary
for International Trade Policy
and Economic Defense

State Dept. review completed

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GROUP 3

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